

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN STEVE VICK**, on January 25, 2001 at 3:00 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Rep. Dave Lewis, Vice Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Art Peterson (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 49 HB 347, 01/25/01.
Executive Action: None.

HEARING ON HB 347

Sponsor: Rep. Linda L. Holden, HD 86.

Proponents: Senator Glenn A. Roush, SD 43,
Senator Pete Ekegren, SD 44,
Byron Grubb, Mayor of Conrad, Mt.,
Stephen Ruhd, City of Conrad,
Nancy Cormier, Professional Engineer with Morrison
Merle in Helena, Mt.,
Fay Stokes, Pondera County Canal Reservoir Company
Gerald Vandenacre, Pondera County Canal Reservoir
Company,
Ralph Dunahoo, City of Conrad,
Cynthia Johnson, Pondera County Commissioner,
Cindy Mullany, Pondera County,
Elaine Zempel, Pondera Coalition for Progress,
Corrine Rose, Pondera County; Harold Olson, Pondera
Economic Development,
Gary Arnst, Ag Producer,
Rep. Edith Clark, HD 88,
Bill Enright, City of Conrad.

Opponents: None.

Informational Witnesses: John Teosh, DNRC.

Opening Statement by Sponsor:

Rep. Holden said this bill has the city of Conrad's name on it, however, it is not a bill for Conrad alone but a much larger area. Conrad is the county seat of Pondera County. This bill appropriates funds to the Department of Natural Resources and Conservation for a grant to the city of Conrad for water system and pump station improvements; and providing an effective date. This bill will provide much needed funding. **Rep. Holden** handed in a letter from Max Baucus, **EXHIBIT**(aph20a01).

Proponents' Testimony:

Senator Roush said this bill is a critical bill to the people of Pondera County and to the people of Conrad. It is the water supply for the community. The water comes out of Lake Francis. This is a serious public health and safety program and an issue these people are facing. **Senator Roush** supports HB 347.

{Tape : 1; Side : A; Approx. Time Counter : 8.9}

Senator Pete Ekegren stated that anything we could do for eastern Montana for development is essential and a matter of survival.

Byron Grubb articulated that HB 347 would provides \$1.78 million and \$3.9 million is needed to move the water intake location of Lake Francis. Lake Francis is owned and maintained by the Pondera Canal and Reservoir Company which serves Agriculture producers in the area. Mr. Grubb handed out signatures of support for HB 347 from his community, **EXHIBIT(aph20a02)**. **Byron Grubb** supports HB 347.

Stephen Ruhd affirmed that he too supports HB 347 and handed in testimony, **EXHIBIT(aph20a03)**.

Nancy Cormier said their firm was hired by the City of Conrad to perform an evaluation of alternatives for securing a reliable water supply at Lake Francis. **Ms. Cormier** is the project manager for that evaluation. **Ms. Cormier** described the problem and explained the alternatives were considered.

Fay Stokes stated that the City of Conrad and area farmers had substantial losses due to the drought. **EXHIBIT(aph20a04)**.

Gerald Vandenacre from the Pondera County Canal Reservoir Company, also supports HB 347.

{Tape : 1; Side : B; Approx. Time Counter : 0.9}

Ralph Dunahoo from the City of Conrad, supports HB 347.

Cynthia Johnson said from a county government perspective, this pump station relocation will address a long standing issue of irrigation farmer versus small town dweller. Ms. Johnson supports HB 347.

Cindy Mullany supports HB 347.

Elaina Zempel supports HB 347.

Corrine Rose supports HB 347.

Harold Olson supports HB 347.

{Tape : 1; Side : B; Approx. Time Counter : 9.8}

Gary Arnst supports HB 347.

Rep. Edith Clark, HD 88 supports HB 347.

Bill Enright informed the committee regarding statistics on project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

{Tape : 1; Side : B; Approx. Time Counter : 15}

Rep. Buzzas asked, '**Ms. Cormier** if this is a long-term solution to the problems in Conrad?' **Ms. Cormier** said, yes, this is a long-term solution.

Rep. Buzzas asked **Rep. Holden** how HB 43 and this bill is related? **Rep. Holden** said HB 43 will help any community who has an infrastructure emergency, and this was proposed because of the experience with Conrad.

Rep. Lindeen asked **Steven Ruhd** about TCEF money and other sources like rural development loans, etc. **Mr. Ruhd** said they have looked at several different options. They are currently working with the USDA to see if they have anything available through the canal company for grants.

Rep. Davies asked **Byron Grubb** how many residential water users there are in Conrad to which **Mr. Grubb** replied about 1,200.

Mr. Stokes commented about shareholders in their corporation.

Rep. Kasten asked **Ms. Cormier** on the irrigation side, how many acres are involved, and what is the charge per share or per acre or per acre foot for the water. **Ms. Cormier** said, the \$46.00 is combined water and sewer rate for the City of Conrad, the estimated water rate at this time is approximately \$32.50 average monthly rate, which includes all of the improvements which have been discussed and talked about.

Rep. Tropila made a comment to **Mr. Ruhd** about the map he handed out to the committee.

Rep. Vick elaborated on about the money that is being asked for- is this money that they need to fund schools and University System and help for the developmentally disabled and mentally ill. He said they will do their best to consider this, but they face tight budgets.

{Tape : 2; Side : A; Approx. Time Counter : 0.5}

Rep. Haines asked **Mr. Ruhd** if it is around \$1,500 per user. **Mr. Ruhd** said that is per connection they have. They have 1,283 services they hook up there.

Closing by Sponsor:

Rep. Holden said this request from the state is unusual, and wished they could wait for TCEF funds, but something needs to be done now. **Rep. Holden** urged support for HB 347.

HEARING ON HB 49

Sponsor: Rep. Joe McKenney, HD 49.

Proponents: Robyn Hampton, Department of Commerce
Andrea Main, Rural Development Finance Corp.
Dale Jones, Dale's Conoco;
John Youngberg, Montana Farm Bureau;
Carolyn Horn, Small Business Owner, Great Falls, Mt.
Lynn Robson, Gateway Economic Development Corporation.

Opponents: None.

Informational Witnesses: None.

Opening Statement by Sponsor:

{Tape : 2; Side : A; Approx. Time Counter : 7.1}

Rep. McKenney informed the committee that this bill concerns a micro business finance program. The micro business finance program has nearly a decade of experience and is not a new program to Montana. This is an economic tool and Montana was the first state in the nation to have a program like this. The program is a recipient of two prestigious national awards for excellence, the Small Business Administration Vision 2000 Award for Excellence in Micro Enterprise Development and 1999 Presidential Award for public support of micro advice development.

Proponents' Testimony:

Robyn Hampton said passage of HB 49 is important to insure the continued success of the Micro Business Finance Program. This is an existing successful economic development tool that has proven its ability to support the creation and maintenance of Main Street businesses in rural communities. Ms. Hampton urged support

of HB 49. **EXHIBIT**(aph20a05), **EXHIBIT**(aph20a06),
EXHIBIT(aph20a07), **EXHIBIT**(aph20a08).

Andrea Main said by networking with the Micro Business Finance Program and the matching funds they can provide for Native American Loan Fund Programs, they can create healthy business economies on Montana's Indian Reservations, which will contribute to the Montana state economy as a whole. Ms. Main supports HB 49. **EXHIBIT**(aph20a09), **EXHIBIT**(aph20a10), **EXHIBIT**(aph20a11), **EXHIBIT**(aph20a12), **EXHIBIT**(aph20a13).

{Tape : 2; Side : B; Approx. Time Counter : 3.4}

Dale Jones spoke of his business which took advantage of the micro loan. He said it was his only chance of getting new tanks and pumps and getting his station cleaned up. He supports HB 49.

John Youngberg discussed their concerns are economic viability of rural communities and economic development in those rural communities. He supports HB 49.

Carolyn Horn stated that she is the owner and operator of a daycare in Great Falls. She said 80% percent of their families that use her facilities are low income and many are single parents who work odd hours. She said these families now have quality licensed child care and preschool for their children because of the micro business organization. She supports HB 49.

Lynn Robson urged the committee to consider restructuring this program and invest in established community lenders, relieve the state of burdensome oversight and the associated costs to run the program. Extending the fund to local development corporations would be effective and efficient. **EXHIBIT**(aph20a14).

Pat McDermott, Governor's appointed Statewide Micro Business Advisory Council, handed in testimony of support for HB 49, **EXHIBIT**(aph20a15).

Legislative Audit Division, Micro Business Finance Program, November 2000, **EXHIBIT**(aph20a16).

Billie Lee, Governor's Advisory Council and Lake County Community Development Corporation, **EXHIBIT**(aph20a17).

Opponents' Testimony: None.

Questions from Committee Members and Responses:

{Tape : 2; Side : B; Approx. Time Counter : 16.4}

Rep. Lewis asked **Ms. Hampton** about the Legislative Audit summary handed out and her opinion. **Ms. Hampton** said the source of the funds being coal tax trust funds, the reason the advisory council has not come forward asking for that is they believe they can continue improvements and bring additional private non-state dollars into the program.

Rep. Buzzas asked **Ms. Hampton** about the Legislative Audit report and if she has addressed making any changes at this time. **Ms. Hampton** said they have and most of the information in the audit can be done administratively.

Rep. Fisher asked **Ms. Hampton** about the audit report. **Ms. Hampton** said in economic development lending, they work with borrowers to make sure the borrowers succeed but they do have to extend the terms sometime and re-write the loans.

Rep. Kasten asked **Ms. Hampton** what the criteria is to acquire one of these loans. **Ms. Hampton** said many of their programs do require a verbal or written denial from a bank first.

Rep. Pattison asked **Ms. Hampton** what they require for re-payment on these loans. **Ms. Hampton** said it varies from one local region to the other, some of their lenders have adopted collateral requirements.

Rep. McCann asked **Ms. Hampton** about Section 1, Line 22, about administrative account. **Ms. Hampton** said they collect the money in the administrative account and the legislature grants them spending authority.

Rep. Vick asked **Ms. Hampton** about delinquencies. **Ms. Hampton** said because of the nature of the loans, it is fairly common for the loans to get into the 30-60 day delinquent category. Some of the loans are collateralized.

{Tape : 3; Side : A; Approx. Time Counter : 0.4}

Rep. Vick asked **Ms. Hampton** about re-writing loans and extending them. **Ms. Hampton** explained write-offs and other revolving loan funds.

Rep. Vick asked **Ms. Hampton** if the program is going to have to be appropriated every 4 years or 6 years or 10 years in order to keep the program going. **Ms. Hampton** said they are asking for

\$2.5 million which would bring the corpus of their development loan fund to \$7 million.

Closing by Sponsor:

{Tape : 3; Side : A; Approx. Time Counter : 6.3}

Rep. McKenney spoke of small businesses that would not be in business if they did not have the Micro Business Program. **Rep. McKenney** urged support of HB 49.

ADJOURNMENT

Adjournment: 5:17 P.M.

REP. STEVE VICK, Chairman

PAULA BROADHURST, Secretary
Susie Hamilton Transcriber

SV/PB/SH

EXHIBIT (aph20aad)